

- If the member contributions are taxed, both federal withholding tax and retirement contributions are calculated on the reportable compensation.

Example:

a. Reportable compensation	\$2000.00
Multiplied by member rate	<u>x .06</u>
= Member Contribution	\$ 120.00
b. Reportable compensation	\$2000.00
= Income subject to withholding tax	

- If the member contributions are nontaxed, the member contributions are calculated on the reportable compensation and the contributions are subtracted before the federal withholding tax is calculated.

Example:

a. Reportable compensation	\$2000.00
Multiplied by member rate	<u>x .06</u>
= Member Contribution	\$ 120.00
b. Reportable compensation	\$2000.00
Minus member contribution	<u>- 120.00</u>
= Income subject to withholding tax	\$1880.00

Contributions and Federal Withholding Tax in Prior Periods

If you are an employer for whom participation in tax-deferral is optional, remember contributions may or may not have been taxed in prior periods. Be conscious of this issue when reporting contributions for periods between September 1, 1984, and the current period.

Procedures for Reporting and Paying Contributions

The following pages describe procedures for calculating and reporting member and employer contributions and for paying the total contributions due. If you have questions about calculating and reporting member and employer contributions, please contact ESS. If you have questions about paying the contributions due, please contact your DRS Account Manager.

Calculating Member Contributions

For each retirement system member, you must calculate the member contributions due. To calculate member contributions:

- Confirm the correct plan for the member. (Contribution rates may be different for each plan.)
- Determine the appropriate contribution rate for the earning period being reported. (If the calculation is for a Plan 3 member who transferred from Plan 2, use the member's selected Plan 3 rate option.)

Note: New Plan 3 members and Plan 3 members who change employers have 90 days to choose a contribution rate option. If a rate option is not chosen within 90 days, Option A should be used as the default rate option.

- Using the contribution rate tables at the end of this chapter, multiply each member's reportable compensation by the appropriate rate for each reported earning period—does not apply to Plan 3. Use the current Plan 3 member rate for all earnings being paid. Carry the calculation to four decimal places.

Example:

Reportable compensation	\$3022.2200
Multiplied by member rate	<u>.0600</u>
= Member contribution	\$ 181.3332

- Round the calculated amount to the nearest two decimal places for each transaction line on the transmittal.

Member contribution	\$181.3332
Rounded to two places	\$181.33

Reporting Member Contributions

Your method of reporting member contributions will vary depending on whether you report by automated means or by prelist (manual).

If you report by automated means:

- Report the member contributions on each transaction line on your monthly transmittal.
- In the summary record, provide a grand total of the member contributions.

If you report by prelist:

- Use a pen to enter the calculated member contributions for each member in the MEMBER CONTRIBUTIONS field.

Note: If the calculated amount is the same as the amount already preprinted on the report, do not enter a corrected amount.

- Adjust the page, plan and system totals as necessary.

Calculating Employer Contributions

In addition to calculating member contributions, you must calculate employer contributions on each member's compensation. To calculate employer contributions:

- Confirm the correct plan for the member. (Contribution rates may be different for each plan.)
- Determine whether calculations should be made using the current rate or a rate for a prior earning period.
- Using the contribution rate tables at the end of this chapter, multiply each member's reportable compensation by the appropriate rate for each reported earning period. Carry the calculation to four decimal places.

Example:

Reportable compensation	\$3011.0000
Multiplied by employer rate	x .1193
= Employer contribution	\$ 359.2123

- Round the calculated amount to the nearest two decimal places for each transaction line on the transmittal.

Employer contribution	\$359.2123
Rounded to two places	\$359.21

Reporting Employer Contributions

Your method of reporting employer contributions will vary depending on whether you report by automated means or by prelist.

If you report by automated means:

- Report the employer contributions on each transaction line on your monthly transmittal.
- In the summary record, provide a grand total of the employer contributions.

If you report by prelist:

- Use a pen to enter the calculated employer contributions for each member in the EMPLOYER CONTRIBUTIONS field.

Note: If the calculated amount is the same as the amount already preprinted on the report, do not enter a corrected amount.

- Adjust the page, plan and system totals as necessary.

Paying the Total Contributions

In addition to calculating and reporting the member and employer contributions on the monthly transmittal, you must submit payment of the total amount to DRS. A Payment Advice form must accompany any money sent to DRS.

Note: A Plan 3 Payment Advice form must be used for Plan 3 payments.

To submit your contribution payment to DRS:

- Add together the total employer contributions and the total member contributions for each plan to determine the grand total of contributions to be paid to DRS.
- Prepare the check(s), warrant(s) or other payment document(s), payable to DRS for the correct amount.
- Complete a Payment Advice form(s) to enclose with your check or other payment document(s). You must identify the invoice number the payment is for and the portion of the payment designated for each plan.

- Complete a Plan 3 Payment Advice to report payment for Plan 3. You must identify the portion attributable to each investment program (WSIB or SELF) for the defined contributions (member) portion of the payment.
- See Chapter 10 for instructions on how to fill out the payment forms. (Agencies that use electronic fund transfers do not normally use Payment Advice forms.)
- Mail your payment and Payment Advice forms to DRS separately from your monthly transmittal report. Payments only are mailed to:

Department of Retirement Systems
P.O. Box 9018
Olympia, WA 98507-9018

Remember that payments for employer and member contributions are due at DRS on the 15th of the month following the current reporting period. Payments made by journal voucher should be posted by the State Treasurer's office no later than the 15th of the month following the reporting period. Payments received by mail more than three business days after the 15th will be considered late and may be subject to interest.

